

**Before the State of South Carolina  
Department of Insurance**

In the matter of: )  
 )  
Freedom Life Insurance Co. of America, )  
 )  
110 West Seventh Street, Suite 300 )  
Fort Worth, Texas 76102. )  
\_\_\_\_\_ )

SCDI File Number 2000-105672

**Consent Order  
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Freedom Life Insurance Company of America, an insurer licensed to transact insurance business within the State of South Carolina.

I hereby find as fact that Freedom Life of America failed to timely file its September 2000 Quarterly (annual adjusted) Tax Return Installment, and that this is the fourth instance in which the insurer has not timely made this filing. Freedom Life of America has alleged that these actions were completely unintentional. However, they are a direct violation of S.C. Code Ann. § 38-7-60 (3) (Supp. 2000) and can ultimately lead to the revocation of the insurer's certificate of authority pursuant to S.C. Code Ann. §§ 38-7-60 (4) and 38-5-120 (A) (2) (Supp. 2000) to transact the business of insurance within the State of South Carolina, following a public hearing before the Administrative Law Judge Division.

Prior to the initiation of formal administrative disciplinary proceedings by the Department against it, Freedom Life of America and the Department agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that, in lieu of the Department's filing of a petition to revoke its certificate of authority to transact business as an insurer within the State of South Carolina, Freedom Life of America would waive its right to a public hearing and would immediately submit an administrative penalty in the total amount of \$4,000.

S.C. Code Ann. § 38-7-60(3) (Supp. 2000) in pertinent part states "[t]he premium and other taxes imposed on insurers pursuant to Sections 38-7-20, 38-7-30, 38-7-40, 38-7-50, and 38-7-90 must be paid to the Director or his designee in quarterly installments on or before March 1<sup>st</sup>, June 1<sup>st</sup>, September 1<sup>st</sup>, and December 1<sup>st</sup> of each calendar year."

After a thorough review of the matter, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that Freedom Life of America did violate S.C. Code Ann. § 38-7-60(3) (Supp. 2000). Although I can now revoke the insurer's certificate of authority, I hereby impose an administrative penalty in the amount of \$4,000 against Freedom Life of America pursuant to the discretion provided to me by

**RECEIVED**  
GENERAL COUNSEL

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STATE OF SOUTH CAROLINA  
DEPARTMENT OF INSURANCE

\_\_\_\_\_  
Freedom Life Insurance  
Company of America

the State of South Carolina General Assembly in S.C. Code Ann. §§ 38-5-130 and 38-2-10 (Supp. 2000). This administrative penalty must be paid within ten days of my date and my signature upon this consent order. If that total amount is not paid on, or before, that date, then Freedom Life of America's certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

The parties have reached this administrative penalty in consideration of the internal corrective internal measures Freedom Life of America has taken to prevent this problem from recurring and of Freedom Life of America's assurance that it will timely file each of its future tax returns with the Department. This penalty includes all expenses related to investigation of this matter as provided in Section 38-13-70 of the South Carolina Code. The parties expressly agree and understand Davis's payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter. By the signature of one of its officers or authorized representatives upon this consent order, Freedom Life of America acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 2000), of the Director of Insurance, exercised either directly or through the Department, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is, therefore, ordered that Freedom Life Insurance Company of America shall, within ten days of my date and my signature upon this consent order, pay through the Department an administrative penalty in the total amount of \$4,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.



Ernst N. Csiszar  
Director

January 31, 2001  
Columbia, South Carolina

\_\_\_\_\_  
Freedom Life Insurance  
Company of America

I CONSENT:

Terry Proctor  
Signature of Authorized Representative

Terry Proctor  
Name

Tax Analyst  
Title

Freedom Life Insurance Company of America  
110 West Seventh Street, Suite 300  
Fort Worth, Texas 76102

Dated this \_\_\_\_ day of January, 2001